Intuit Inc.
Fourth-Quarter Fiscal 2007
Conference Call Remarks

August 22, 2007

Introduction

Good afternoon and welcome to the Intuit fourth-quarter and fiscal year 2007 conference call. I'm here with Steve Bennett, Intuit's president and CEO; Kiran Patel, our CFO; Scott Cook, our founder and our chairman, Bill Campbell.

Before we get started, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon, our Form 10-K for fiscal 2006 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's web site at intuit.com. We assume no obligation to update any forward-looking statement.

Some of the numbers in this presentation will be presented on a non-GAAP basis. The most directly comparable GAAP financial measures and the reconciliation of the non-GAAP financial measures to GAAP are provided in today's press release.

After this call concludes, a copy of our prepared remarks and supplemental financial information will be available on our Web site.

With that, I'll turn the call over to Steve Bennett.

Fourth-Quarter Overview

Thanks, Bob….and thanks to everyone for joining us.

Let me start by saying how pleased I am with our results for both the quarter and the full year. All of our businesses performed well this year, with revenue at or above the guidance ranges we provided at the start of the year.

We saw continued strength in Small Business, with QuickBooks units up 21 percent in the quarter and 10 percent for the year. Payroll subscribers crossed the 1 million mark in FY07 and Payments customers grew 22 percent for the year.

Our Financial Institutions business continues to add new end-users at an impressive rate – with the addition of 106,000 internet banking end-users and 100,000 new bill pay end-users in the fourth quarter.

And we wrapped up another strong season in our Tax businesses, with Consumer Tax revenue up 15 percent and Pro Tax revenue up 7 percent for the year.

We had a great year. And we're positioned for continued success in FY08 and beyond.

We announced other big news today, and Brad Smith is here with us. I'll talk more about our CEO transition plans later in the call. First, here's Kiran to take you through the financial details.

Kiran…

Fourth-Quarter and Fiscal Year 2007 Financial Highlights

Thanks, Steve. We closed a great year with a strong finish in the fourth quarter. As you know, the fourth quarter is one of our seasonally slow periods so most of my comments will focus on the full year.

Revenue of $2.67 billion was up 17 percent year-over-year. Non-GAAP operating margin was 28.6 percent, up from last year. And non-GAAP earnings per share were $1.43, up 18 percent year-over-year.

These results include the impact of the acquisition of Digital Insight, the sale of certain payroll assets to ADP and the treatment of the Intuit Distribution Management Solutions business unit as a discontinued operation. Without those items, revenue growth would have been 12 percent for the year and non-GAAP earnings per share would have been $1.47, up 21 percent.

($Millions)

	Non-GAAP			GAAP		
	FY 06	**FY 07**	**Change**	**FY 06**	**FY 07**	**Change**
Revenue	$2,293	$2,673	+17%	$2,293	$2,673	+17%
Operating Income	$654.2	$764.8	+17%	$565.6	$637.6	+13%
EPS	$1.21	$1.43	+18%	$1.16	$1.24	+ 7%

Now the results of our business segments:

QuickBooks

Our QuickBooks segment finished the year with another strong quarter. Fourth quarter revenue of $139.6 million was up 12 percent versus the year-ago quarter. For the year, QuickBooks segment revenue was $598 million, up 11 percent.

QuickBooks software units were up 10 percent year-over-year, with strong growth in the Premier products at the upper end of the product lineup and in Simple Start, which is designed for new-to-the-world small businesses.

Note that in Q407 we moved the MyCorp product line from the Consumer Tax segment to the QuickBooks segment. The segment revenue provided here and on the fact sheet reflects this change for all periods presented. MyCorp revenue was $4.4 million in FY06 and $7.9 million in FY07.

Payroll and Payments

Our Payroll and Payments segment had revenue of $129 million in the fourth quarter, up 5 percent year-over-year. For the year, Payroll and Payments segment revenue was $517 million, up 12 percent. Growth in this segment was driven by 22 percent growth in Payments customers and 9 percent growth in transactions per customer. Note that these results reflect the sale of our fully outsourced payroll customers to ADP. Without that impact, Payroll and Payments revenue would have grown 16 percent for the year.

Total Small Business, which combines our QuickBooks and Payroll and Payments segments, showed revenue growth of 11 percent for the year. Growth would have been 13 percent without the sale to ADP.

Consumer Tax

The Consumer Tax group had a very strong year, with revenue of $813 million, up 15 percent from last year. TurboTax federal units grew 16 percent on the Web and 6 percent overall.

Professional Tax

Pro Tax revenue was $292 million for the year, up 7 percent over last year. This is the best result in the last four years.

Financial Institutions

Financial Institutions revenue was $73 million for the fourth quarter and $150 million for the year. This segment includes the results of Digital Insight, which was acquired on February 6th, and the financial institutions business previously reported in our Other Businesses segment.

The acquisition of Internet banking end-users continued to show good momentum, with 15 percent growth in the quarter and a year-end base of 7.9 million end-users. Bill pay end-users have also continued to grow impressively – with 27 percent growth in the fourth quarter versus the same quarter a year ago and a year-end base of more than 2.1 million end-users.

Other Businesses

Our Other Businesses segment had revenue of $303 million for the year, up 5 percent.

Balance Sheet and Stock Repurchase Program

Moving to the balance sheet, Intuit ended fiscal 2007 with $1.3 billion in cash and short-term investments.

For the year, we generated $727 million in operating cash flow from continuing operations.

In FY07 we used $507 million to purchase 17 million shares. We have $800 million in authority for future share repurchases.

Discontinued Operations

Before I share the outlook for fiscal 2008, let me provide just a few details about the Intuit Distribution Management Solutions business sold to Activant Solutions. As mentioned earlier, the results of this business are reflected in discontinued operations. Revenue was $49.3 million in fiscal 2006 and $52 million in fiscal 2007. The GAAP net loss before taxes for this business was $6 million in FY06 and $4 million in FY07.

Fiscal 2008 Guidance

Now let me share our guidance for fiscal 2008.

- We expect revenue of $3 billion to $3.05 billion, or growth of 12-14 percent.

- We expect the following revenue growth by segment:

  - QuickBooks: 8 percent -12 percent
  - Payroll & Payments: 5 percent - 9 percent
  - Consumer Tax: 8 percent -12 percent
  - Professional Tax: minus 1 percent to plus 1 percent
  - Financial Institutions: 100 percent -107 percent
  - Other Businesses: 12 percent -16 percent

- We expect non-GAAP operating income of $855 million to $870 million, or year-over-year growth of 12 to 14 percent. That translates into a margin rate of 28 percent to 29 percent.

- We expect non-GAAP diluted earnings per share of $1.59 to $1.61, or year-over-year growth of 11 to 13 percent.

- We expect capital expenditures of approximately $300 million in fiscal 2008. The increase in capital spending is related to investments in infrastructure, offices and data centers to support the growth in our business.

It's important to note that there are a number of one-time items affecting the projected FY08 growth rates. I'll go through the material ones now:

  - Payroll and Payments growth is impacted by the roughly $38 million of fully outsourced payroll revenue earned in FY07 prior to the sale of those customers to ADP. Excluding that sale, we would have expected segment revenue growth of 12 percent to 16 percent.

- We are discontinuing the Pro Series Express product for 2007, which contributed roughly $14 million of revenue in FY07. We believe the Express product line may have been used by tax processing store fronts to facilitate refund anticipation loans – a practice we don't support. Without the decision to discontinue the product line we would have expected segment growth of 4 percent to 6 percent.

- The Financial Institutions segment includes the financial institution business Intuit had prior to the acquisition of Digital Insight plus a full year of Digital Insight results in FY08. DI's core business is expected to grow in the mid-teens.

- Excluding these items, the expected growth rate for Intuit's total company revenue would be about 3 percentage points lower than we've guided, expected operating income growth would be about 2 points higher than we've guided and our operating margin would be about 100 basis points higher.

<u>First-Quarter 2008 Guidance</u>

For the first quarter of fiscal 2008, we expect:

- Revenue of $426 million to $441 million, up 22 percent to 26 percent versus the year-ago quarter, which was prior to our acquisition of Digital Insight.
- A non-GAAP operating loss of $67 million to $56 million.
- A non-GAAP earnings per share loss of 14 cents to 12 cents.

<u>Q2-Q4 08 Guidance</u>

Before I turn the call back to Steve let me remind you that we have included revenue and EPS guidance for all four quarters of fiscal 2008 in our press release. As in past years, revenue growth by quarter may shift due to several factors, including software revenue recognition rules, changes in consumer buying habits, and tactical marketing decisions.

Steve…

<u>Business Perspective</u>

Thanks, Kiran.

As I mentioned earlier, it was a great quarter and year. We had strong results in all of our businesses and delivered revenue growth of 17 percent and EPS growth of 18 percent. We completed the biggest acquisition in our history without missing a beat. And we sharpened our focus by exiting the "can't be bothered" payroll segment and selling our distribution management business.

We continue to follow our strategy of being in growing, high-profit businesses and attractive new markets with large unmet customer needs that we can solve well.

We're positioned to grow in these markets by offering products and services that are easier to use and offer better value than alternatives.

We do this through an intense focus and proven methodology to make customer experiences better on existing offerings as well as launching new offerings that solve important additional customer problems.

We win by growing the categories we compete in…winning new users by converting non-consumption as well as disrupting higher priced alternatives and expanding share of wallet by selling additional products and services.

We've been doing this for many years and have built large customer bases and ecosystems that generate positive word of mouth and establish competitive advantage that is hard to duplicate. We're intent on continuing to get better at executing this recipe for success and that makes us optimistic we'll continue to drive steady, profitable growth going forward.

Now…let me talk for a minute about my plans to step down at the end of this year and hand the reins to Brad.

Intuit has a long history of success, and I'm proud of the results we've delivered in my eight seasons as CEO. We've built enduring pillars of growth that will carry Intuit into the future. For example:

- We've evolved our strategic focus and have zeroed in on three long-term growth opportunities for the future: small business, tax and financial institutions. And we're exploring an important new opportunity in healthcare.

- We're now explicitly teaching and practicing Customer-Driven Innovation as both a mindset and methodology for product innovation, with strong revenue growth in new products like QuickBooks Enterprise, Simple Start, QuickBooks flavors, QuickBooks Point-of-Sale, and greater ease in existing products like QuickBooks Pro and TurboTax.

- And we've created an enduring learning culture and a leadership development program that is building the next generation of Intuit leaders. For me personally, leadership development and succession planning for Intuit's leadership team has been both a passion and big focus area. And over the course of the last several years, one leader has clearly emerged as the right candidate to lead this company into the future– Brad Smith, our senior vice president and general manager of Intuit's Small Business Division.

So with those pillars in place, I'm confident Brad, as CEO, will continue to deliver terrific results and I'm particularly pleased to have my successor be someone from within the company who is a product of the leadership development and succession planning programs we have built.

Brad will take over as CEO on January 1st, 2008. Between now and January 1st I will work closely with Brad on the transition. From January 1st through the end of our fiscal year in July 2008 I'll work with Brad and the leadership team on a consulting basis. And I'll continue to serve as an Intuit board member.

Brad's track record of success prior to joining Intuit, his experience successfully running our biggest businesses, and his active role in shaping the Intuit strategy, clearly make him the right choice for the job.

Brad joined Intuit in February of 2003, leading our efforts with accountants across Pro Tax and QuickBooks. He quickly distinguished himself as an exceptional business leader, and was promoted to run the Consumer Tax business in March of 2004, where he led the business to 16 percent revenue growth, gained 6 points of market share and improved employee engagement. He became GM of Small Business in May of 2005, where he led our efforts to win versus Microsoft and create new growth categories by serving more small business needs. His experience prior to Intuit – with ADP's payroll business, Advo and PepsiCo, give him a broad foundation of knowledge and experience directly relevant to Intuit.

In summary, I've never felt better about the future of Intuit – our prospects for continued growth, the strength of our leadership team, and the opportunities in front of us.

With that, I want to thank our shareholders for their support. And thanks to all Intuit employees who helped deliver another great year…

Let's get to your questions.

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About Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. These measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

We believe that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit's operating results primarily because they exclude amounts that we do not consider part of ongoing operating results when assessing the performance of the organization, our operating segments or our senior management. Segment managers are not held accountable for share-based compensation expenses, acquisition-related costs, or the other excluded items that may impact their business units' operating income (loss) and, accordingly, we exclude these amounts from our measures of segment performance. We also exclude these amounts from our budget and planning process. We believe that our non-GAAP financial measures also facilitate the comparison of results for current periods and guidance for future periods with results for past periods.

We refer to these non-GAAP financial measures in assessing the performance of Intuit's ongoing operations and for planning and forecasting in future periods. These non-GAAP financial measures also facilitate our internal comparisons to Intuit's historical operating results. We have historically reported similar non-GAAP financial measures and believe that the inclusion of comparative numbers provides consistency in our financial reporting. We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year.

The tables that accompany the press release issued by Intuit on August 22, 2007 provide more details on Intuit's historical performance and financial projections, a description of our non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. A copy of the press release can be found on the investor relation's page of Intuit's web site at www.intuit.com/about_intuit/investors.

Cautions About Forward-Looking Statements

These remarks contain forward-looking statements, including forecasts of Intuit's expected financial results, our prospects for the business in fiscal 2008 and beyond; our guidance for fiscal 2008, including all of the statements under the headings "Fiscal 2008 Guidance," "First Quarter 2008 Guidance," and "Q2-Q4 08 Guidance"; our assessment of our growth opportunities for our businesses; and our expectations regarding the launch or future availability of products and services.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, without limitation, the following: product introductions and price competition from our competitors can have unpredictable negative effects on our revenue, profitability and market position; governmental encroachment in our tax businesses or other governmental activities regulating the filing of tax returns could negatively affect our operating results and market position; we may not be able to successfully introduce new products and services to meet our growth and profitability objectives, and current and future products and services may not adequately address customer needs and may not achieve broad market acceptance, which could harm our operating results and financial condition; any failure to maintain reliable and responsive service levels for our offerings could cause us to lose customers and negatively impact our revenues and profitability; any significant product quality problems or delays in our products could harm our revenue, earnings and reputation; our participation in the Free File Alliance may result in lost revenue opportunities and cannibalization of our traditional paid franchise; any failure to properly use and protect personal customer information could harm our revenue, earnings and reputation; our acquisition activities may be disruptive to Intuit and may not result in expected benefits; our use of significant amounts of debt to finance acquisitions or other activities could harm our financial condition and results of operations; our revenue and earnings are highly seasonal and the timing of our revenue between quarters is difficult to predict, which may cause significant quarterly fluctuations in our financial results; predicting tax-related revenues is challenging due to the heavy concentration of activity in a short time period; we have implemented, and are continuing to upgrade, new information systems and any problems with these new systems could interfere with our ability to ship and deliver products and gather information to effectively manage our business; our financial position may not make repurchasing shares advisable or we may issue additional shares in an acquisition causing our number of outstanding shares to grow; and litigation involving intellectual property, antitrust, shareholder and other matters may increase our costs.. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2006 and in our other SEC filings. You can locate these reports through our website at http://www.intuit.com/about_intuit/investors. Forward-looking statements are based on information as of August 22, 2007, and we do not undertake any duty to update any forward-looking statement or other information in these remarks.